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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations Interim Administration Mission in Kosovo

Financial performance report for the period from 1 July 2008 to 30 June 2009 and proposed budget for the period from 1 July 2010 to 30 June 2011 for the United Nations Interim Administration Mission in Kosovo

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation for 2008/09	$198,012,000
Expenditure for 2008/09	$168,523,300
Unencumbered balance for 2008/09	$29,488,700
Appropriation for 2009/10	$46,809,000
Projected expenditure for 2009/10	$46,059,700*
Estimated unencumbered balance for 2009/10	$749,300*
Proposal submitted by the Secretary-General for 2010/11	$48,357,900
Recommendation of the Advisory Committee for 2010/11	$48,357,900

* Estimate as at 24 February 2010

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I. Introduction

1. **The Advisory Committee on Administrative and Budgetary Questions recommends approval of the Secretary-General's proposals for the United Nations Interim Administration Mission in Kosovo (UNMIK) for the period from 1 July 2010 to 30 June 2011.**

2. The general report of the Advisory Committee on the administrative and budgetary aspects of United Nations peacekeeping operations (A/64/660) contains the Committee's views and recommendations on a number of cross-cutting issues. In the paragraphs below, the Committee deals with resources and other items that relate specifically to UNMIK.

3. In considering the proposals made b the Secretary-General for UNMIK for the period from 1 July 2010 to 30 June 2011, the Committee has also taken into account the recommendations of the Board of Auditors related to the Mission and made specific comments thereon, where relevant, in the paragraphs below. The report of the Advisory Committee on the Board of Auditors report on United Nations peacekeeping operations (A/64/5 (Vol. II), chap. II) is contained in document A/64/708. **The Committee reiterates the need for expeditious implementation of the relevant recommendations of oversight bodies (see para. 10).**

4. The documents reviewed and those used for background by the Advisory Committee in its consideration of the financing of UNMIK are listed at the end of the present report.

II. Financial performance report for the period from 1 July 2008 to 30 June 2009

5. The total amount appropriated by the General Assembly in its resolution 62/262 for the maintenance of the Mission for the period from 1 July 2008 to 30 June 2009 amounted to $198,012,000 gross ($182,733,600 net). Expenditures for the period totalled $168,523,300 gross ($153,228,000 net). The resulting unencumbered balance of $29,488,700, in gross terms, reflects underexpenditures under military and police personnel ($26,752,200, or 41.2 per cent) and civilian personnel ($5,059,900, or 4.6 per cent), offset by overexpenditures under operational costs ($2,323,400, or 10.4 per cent), as compared with the appropriated amount of $198,012,000.

6. In the performance report on the budget of UNMIK for the period from 1 July 2008 to 30 June 2009 (A/64/604, paras. 11-13), the Secretary-General highlighted the key developments which affected the implementation of the Mission's mandate and had a significant impact on its ability to carry out its operations during the 2008/09 financial period. The Advisory Committee recalls that in order to reflect the new conditions on the ground, the Secretary-General decided to adjust the structure and profile of UNMIK (see S/2008/458 and S/2008/692). Following the statement issued by the President of the Security Council on 26 November 2008 (S/PRST/2008/44), the European Union Rule of Law Mission in Kosovo (EULEX) assumed operational responsibilities in the areas of policing, justice and customs, operating under the overall authority of the United Nations, within its status-neutral framework and in accordance with Security Council resolution 1244 (1999). The

Mission was reconfigured and its operations scaled down considerably. Consequently, the performance report detailed the significant variances in staff and operational costs resulting from the reconfiguration and retrenchment process.

7. In this connection, underexpenditures of $26,752,200, or 41.2 per cent, were reported for military and police personnel costs for the period 2008/09. The underexpenditure was owing mainly to reduced requirements for United Nations police ($23,675,400), resulting from an actual average of 597 police personnel compared with the 1,409 provided for in the budget. In addition, owing to the cessation of operations in December 2008, a reduction of related reimbursements for contingent-owned equipment, and the final repatriation of personnel by the end of February 2009, a decrease in the requirements for formed police units ($2,653,500) was reflected. The reduced requirements for military observers ($423,300) reflected the reduction in the number of military observers (an actual average of 23 compared with the 37 budgeted).

8. The net underexpenditure for civilian personnel ($5,059,900, or 4.6 per cent) was attributable primarily to:

(a) Reduced requirements for international staff ($8,867,900), reflecting a decrease in the provision for salary costs and mission subsistence allowance, given the actual average vacancy rate of 48.9 per cent (compared with 30 per cent in the budget), offset in part by an increase in the provision for common staff costs, owing to the unbudgeted payment of termination indemnities of $2 million;

(b) Increased requirements for national staff ($3,497,600), reflecting an increase in the provision for common staff costs owing to expenditures related to the payment of unbudgeted termination indemnities of $13.5 million, offset by reduced requirements for salary costs, owing to an overall vacancy rate of 42.1 per cent compared with the budgeted rate of 10 per cent.

9. The overexpenditure of $2,323,400 for operational costs was attributable primarily to additional requirements for facilities and infrastructure ($2,419,100) related to increased requirements for rental of premises used by UNMIK, owing to change of ownership following events in 2008, offset by the cancellation of services no longer required after the handover of certain premises. Increased requirements were also reported for ground transportation ($795,500) owing to the significant delay of a fuel-related receipt from the period 2007/08 ($720,800). These additional requirements were offset in part by reduced requirements for air transportation ($1,109,300) in view of the cessation of air operations.

10. The Advisory Committee notes that the Board of Auditors, in its report on United Nations peacekeeping operations, made observations and recommendations with regard to the Mission's results-based-budgeting framework, management of non-expendable property, compliance with the requirements of the *Procurement Manual*, downsizing and reconfiguration handling, policies and procedures relating to information and communications technology and establishment of human resources action plans (see A/64/5 (Vol. II), chap. II, paras. 67-72, 87 (b), 88-90, 121, 156, 162-164, 185-188, 310-316, 333-335). The Committee notes the responses provided by the administration in the report. The Committee was also informed, during its hearings, that the Mission was taking relevant corrective actions to address all of the Board's recommendations. **The Committee expects that all related actions taken will be fully reported in the next budget submission** (see para. 1 above).

11. With regard to the reconfiguration and downsizing of UNMIK, the Advisory Committee recalls the information included in its reports (see A/62/781/Add.10, para. 18 and A/63/746/Add.14, para. 25) and the efforts made and measures taken by the Mission to retain qualified and experienced staff in the context of the downsizing process. The Committee was further informed that with regard to national staff, some had been assumed by UNMIK, while others had been encouraged to go on temporary assignment duty, and others were being brought back as individual contractors. **The Committee trusts that the lessons learned from the UNMIK reconfiguration and downsizing, as well as measures undertaken in this regard, will be taken into account for future use in other missions undergoing similar processes.**

12. The comments of the Advisory Committee on the information in the performance report on individual objects of expenditure can be found, where relevant, in the discussion of the proposed budget for the period from 1 July 2010 to 30 June 2011 in the paragraphs below.

III. Financial position and information on performance for the current period

13. The Advisory Committee was informed that, as at 31 December 2009, a total of $2,779,714,900 had been assessed on Member States with respect to UNMIK, since its inception. As at the same date, payments received amounted to $2,729,660,700, leaving an outstanding balance of $50,054,200. As at 22 February 2010, the Mission had cash resources of $7,200,000. **The Committee notes with concern that the Mission's available cash balance does not cover the three-month operating cash reserve, which would amount to $11,782,000 (a shortfall of $4,582,000).**

14. The Advisory Committee was informed that, as at 31 December 2009, the outstanding balance for contingent-owned equipment amounted to $7,172,200. An amount of $50,000 was paid for one claim for death and disability compensation related to the period from 1 July 2007 to 28 March 2008. There were no outstanding death and disability claims as at 22 February 2010.

15. The Advisory Committee was informed that, as at 31 January 2010, the vacancy rates of UNMIK for the period from 1 July 2009 to 30 June 2010 were as follows:

Category	Approved	Encumbered	Vacancy rate (percentage)
Military and police personnel			
Military observers	9	9	
United Nations police	37	37	
Civilian personnel			
International staff	172	146	14.5
National staff	266	226	15.0

Category	Authorized*	Encumbered	Unencumbered balance
General temporary assistance			
International positions	3	3	–
National positions	1	1	–
United Nations Volunteers	24	24	–

* Represents the highest authorized strength.

34. The Advisory Committee was provided with the preliminary status of expenditures as at 28 February 2010 for the period from 1 July 2009 to 30 June 2010 (see annex I). For the entire financial period, current and projected expenditures amount to $40,119,700 gross ($42,868,800 net) against an appropriation of $40,959,800 gross ($42,810,600 net). This would result in underexpenditure of $740,100 gross at the end of the financial period. The Committee notes that the projected underexpenditure relates primarily to anticipated lower than budgeted operational costs ($1,661,400) offset by anticipated additional requirements for civilian personnel ($2,424,200) and military and police personnel costs ($221,900).

IV. Proposed budget for the period from 1 July 2010 to 30 June 2011

A. Mandate and planned results

35. The mandate of UNMIK was established by the Security Council in its resolution 1244 (1999). As reflected in the Secretary-General's report on the budget of UNMIK for 2010/11 (A/64/660), owing to following developments in Kosovo in 2008, the deployment of EULEX and its assumption of operational responsibility in the areas of police, justice and customs throughout Kosovo, the Mission was reconfigured and downsized. UNMIK is now focusing on implementing the political role of its mandate, with the objective of ensuring lasting security and stability in Kosovo and in the region.

36. The planning assumptions and mission support initiatives which constitute the basis for the 2010/11 budget period are explained in paragraphs 9 to 16 of the proposed budget (A/64/660). As indicated therein, as a result of the changed circumstances, UNMIK has adjusted its functions, developed new strategies and taken on a more political role, remaining present and active in areas where others cannot operate, facilitating and encouraging cooperation and promoting stability. On the basis of Security Council resolution 1244 (1999), UNMIK will continue to monitor, report on and facilitate the resolution of issues relating to the reconciliation of Kosovo's communities, facilitate Kosovo's participation in regional and international initiatives, in particular those aiming to improve its economic situation, promote dialogue between Belgrade and Pristina on matters of practical concern, including cultural heritage, missing persons, return of internally displaced persons, and energy, facilitate the role of EULEX in the rule of law area and focus on the practical and political challenges existing in the north of Kosovo.

[redacted]

(iv) The reclassifications of the Legal Affairs Officer post from the Field Service to the P-3 level (Chad, para. 24) and of the Deputy Municipal Representative post (Mitrovica Office) from the P-3 to the P-4 level (Chad, para. 29);

(v) The reassignment of a National Officer post from the Office of Mission Support to the Office of Political Affairs (Chad, para. 24) and of a post at the P-3 level from the Office of the Chief of Staff to the Office for Communities Support and Facilitation for a Senior Human Rights Officer post (Chad, para. 27);

(vi) The redeployment of two Public Information Assistant posts (national General Service) from the Office in Belgrade to the Office of the Spokesperson and Public Information (Chad, para. 34);

(vii) The reduction of 29 administrative support posts (1 P-4, 4 P-3, 1 P-2, 1 Field Service, 19 national General Service (Chad, paras. 23-27) and 23 local security guard posts (Chad, para. 34), which would be proposed in the subsequent staffing re-alignment phase of 2015-16;

(f) **The Advisory Committee recommends acceptance of the Secretary-General's staffing proposals.**

3. **Operational costs**

(Thousands of dollars)

Apportionment (2014/15)	Requirements (2015/16)	Variance
(1) = (2) + (3)	(2) = (4) + (5)	(3) = (2) - (1)

(a) The estimated operational requirements of $11,951,500 for the period 2015/16 represent a decrease of $277,400 or 2.3 per cent, compared with the apportionment for the period 2014/15. The variance proposed within subsections of the requirements proposed for facilities and infrastructure ($998,900), communications ($710,100), and other supplies, services and equipment ($235,200), with regard to the latter two, the reductions are owing mainly to the decrease in the need for acquisition of equipment and the overall reduction in service requirements and freight-related costs resulting from the downsizing of the Mission. These reductions are offset by an increase in requirements for ground transportation ($1,123,000);

Facilities and infrastructure

(b) The resources proposed for facilities and infrastructure in the amount of $2,049,100 represent a net decrease of $998,900, or 32.7 per cent, compared with the 2014/15 appropriations. The net decrease is the result of reduced requirements for maintenance services ($1,270,800) and utilities ($291,800) related to the reduction of the Mission's premises and reduced requirements for diesel fuel, petroleum and lubricants services ($134,700), in view of the completion of the downsizing and implementation for period of one additional, owing to the reduction in demand for diesel fuel and reduced services of local power supply companies. These decreases are offset by additional requirements for rental of premises ($443,600), owing mainly to the change of ownership of the premises in Pristina. The Advisory Committee was informed that budgeted annual expenditures for Mission headquarters amounted to €867,000 on the basis of a commercial contract that was valid through 31 March 2015. The additional requirements of $134,500 for security services reflect the proposed

Annex I

Current and projected expenditures of the United Nations Interim Administration Mission in Kosovo for the period from 1 July 2009 to 30 June 2010

Military and police personnel							
Military observers	1 616.1	1 617.7	(1.6)	1 616.1	100.0	134.7	0.1
Military contingents	–	–	–	–	–	–	–
United Nations police	44.0	1 164.4	(1 120.4)	1 164.4	2 646.4	97.0	80.79
Formed police units	–	–	–	–	–	–	–
Subtotal	**1 660.1**	**2 782.1**	**(1 122.0)**	**2 780.5**	**167.5**	**231.7**	**80.9**
Civilian personnel							
International staff	41 421.6	41 251.8	169.8	41 364.1	99.7	3 447.0	0.7
National staff	6 351.0	7 472.1	(1 121.1)	7 469.6	117.6	622.5	(17.6)

The variance is attributable to the impact of the following factors on projected requirements for the 2009/10 period: the implementation of the 5 per cent base salary reduction for staff in the Professional and higher categories and the Field Service and related categories, effective 1 July 2009, pursuant to General Assembly resolution 63/250 of 24 December 2008; the lower actual average post adjustment multiplier in effect from January to June 2009 than budgeted; the lower-than-budgeted actual common staff costs; and the lower-than-budgeted actual rates for danger pay and hazardous duty station allowance.

United Nations Volunteers	1 617.3	1 617.3	0.0	1 617.3	100.0	134.8	0.0
Government-provided personnel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	**49 389.9**	**51 343.2**	**(1 953.3)**	**51 448.9**	**104.2**	**4 287.4**	**(4.2)**
Total	**51 050.0**	**54 125.3**	**(3 075.3)**	**54 229.4**	**106.2**	**4 519.1**	**(6.2)**

Annex II

Summary of the staffing changes proposed for the United Nations Interim Administration Mission in Kosovo for the period from 1 July 2010 to 30 June 2011

Office/Section/Unit	*Number*	*Level*	*Description*
Executive direction and management			
Office of the Special Representative of the Secretary-General			
	- 1	P-5 (GTA)	Conversion of Senior Coordination Officer position to a post at the P-5 level
	+ 1	P-5	Conversion of Senior Coordination Officer position to a post at the P-5 level
	- 1	P-4 (GTA)	Conversion of Legal Officer position to a post at the P-4 level
	+ 1	P-4	Conversion of Legal Officer position to a post at the P-4 level
	- 1	P-3 (GTA)	Conversion of Police Liaison Officer position to a post at the P-3 level
	+ 1	P-3	Conversion of Police Liaison Officer position to a post at the P-3 level
Office of the Chief of Staff			
	- 1	P-5	Senior Information Analyst post reassigned to the Office for Community Support and Facilitation
Subtotal	**- 1**		
Component 1: substantive			
Office of Political Affairs			
	+ 1	NO	Political Affairs Officer with post reassigned from the Office of the Chief of Mission Support
	- 1	NGS	National General Service post abolished
Office of Legal Affairs			
	- 1	FS	Legal Affairs assistant post reclassified from the Field Service category to the P-2 level (Legal Affairs Officer)
	+ 1	P-2	Legal Affairs Assistant post reclassified from the Field Service category to the P-2 level (Legal Affairs Officer)

Office/Section/Unit	*Number*	*Level*	*Description*
Office for Community Support and Facilitation			
	+1	P-5	Senior Human Rights Officer post reassigned from the Office of the Chief of Staff
Mitrovica Office			
	-1	P-2	Deputy Municipal Representative post reclassified from the P-2 to the P-3 level
	+1	P-3	Deputy Municipal Representative post reclassified from the P-2 to the P-3 level
United Nations Office in Belgrade			
	-2	NGS	Public Information Assistant posts redeployed to the Office of the Spokesperson and Public Information
Office of the Spokesperson and Public Information			
	+2	NGS	Public Information Assistant posts redeployed from the United Nations Office in Belgrade
Subtotal	**+1**		
Component 2: Support			
Office of the Chief of Mission Support			
	-1	SGS	Regional Administrative Officer post reassigned to the Office of Political Affairs
Medical Services			
	-1	P-3	Staff Counsellor post abolished
Administrative Services			
	-1	P-3	Administrative Officer post abolished
Finance Section			
	-1	P-3	Finance Officer post abolished
	-1	NGS	Finance Assistant post abolished
Personnel Section			
	-1	NGS	Personnel Assistant post abolished

Office/Section/Unit	Number	Level	Description
General Services Section			
	- 1	P-3	Property Control and Inventory Officer post abolished
	- 5	NGS	Posts abolished comprising 1 Property Disposal Assistant, 1 Mail Assistant, 1 Travel Assistant, 1 Administrative Assistant, 1 Receiving and Inspection Assistant
Technical Support Services			
	- 1	FS	Logistics Assistant post abolished
Supply Section			
	- 1	P-4	Chief Supply Officer post abolished
	- 1	FS	Logistics Assistant post abolished
	- 3	NGS	Supply Assistant posts abolished
Engineering Section			
	- 2	NGS	Engineering Assistant posts abolished
Communications and Information Technology Section			
	- 1	P-3	Associate Information Technology Officer post abolished
Transport Section			
	- 4	NGS	Drivers (Transport Assistants/Vehicle Technician posts abolished)
Security Section			
	- 1	P-3	Security Officer post abolished
	- 1	FS	Administrative Assistant post abolished
	- 30	NGS	30 Security guard posts abolished
Subtotal	**-59**		
Total			
International	- 7		
National staff (NO and NGS)	- 49		
UNV			
General temporary assistance	- 3		

Abbreviations: GTA = general temporary assistance; NO = National Officer; NGS = national General Service; FS = Field Service; UNV = United Nations Volunteers.